

Message Text

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15

ACTION EA-09

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 AGRE-00 PA-02 PRS-01

NSC-05 SS-15 STR-04 CEA-01 /093 W

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R 130840Z OCT 76

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 1354

INFO AMEMBASSY SEOUL

AMCONSUL HONG KONG

UNCLAS TAIPEI 6911

HONG KONG FOR REGIONAL TREASURY REP

E.O. 11652: N/A

TAGS: ETRD, TW

SUBJECT: OUTLOOK FOR ROC FOREIGN TRADE IN FOURTH
QUARTER 1976

1. PRELIMINARY CUSTOMS DATA FOR SEPTEMBER CONFIRM OUR
EARLIER PROJECTION (TAIPEI 6271) THAT THIRD QUARTER
EXPORTS WOULD TOP THE US\$2 BILLION MARK. AT \$709
MILLION, SEPTEMBER SALES PUSHED THE QUARTERLY TOTAL TO
A RECORD \$2.2 BILLION, AND BROUGHT CUMULATIVE SALES
FOR THE FIRST NINE MONTHS TO \$5.9 BILLION. THIS
IS HIGHER THAN TOTAL EXPORTS IN ANY PREVIOUS FULL YEAR
PERIOD--MEANING THAT 1976 IS ALREADY A BANNER YEAR FOR
EXPORTS, WITH A FULL QUARTER STILL TO GO.

2. BY MOST INDICATIONS, HOWEVER, THE BOOM HAS PEAKED,
AND WE WOULD EXPECT THE RATE OF EXPORT GROWTH TO SLACKEN
IN THE FINAL QUARTER. A PRONOUNCED DROP IN TEXTILE
EXPORTS IS LIKELY TO BE A MAJOR CONTRIBUTING FACTOR.
THE ROC TEXTILE INDUSTRY IS FACING IMMINENT EXHAUSTION
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OF U.S. QUOTAS FOR THIS YEAR, AND IS ALSO CAUGHT--AT

LEAST TEMPORARILY--BY SHIFTING STYLE PREFERENCES.
(NEVERTHELESS, AS WE HAVE NOTED IN OTHER REPORTS,
THE TEXTILE INDUSTRY WILL END THE YEAR WITH RECORD
SALES OF OVER \$2 BILLION, EVEN WITH A POOR SHOWING IN
THE FINAL QUARTER.)

3. ROC'S IMPORT TRADE ALSO MAY HAVE PEAKED IN THE
THIRD QUARTER. THE JULY-SEPTEMBER TOTAL REACHED JUST
OVER \$2 BILLION, BUT A COMPARISON OF MONTHLY DATA
SHOWS IMPORTS DOWN BY 16 PERCENT AT THE END OF THE
PERIOD (COMPARED WITH JULY). SINCE IMPORTS CONSIST
MAINLY OF CAPITAL GOODS AND INDUSTRIAL RAW MATERIALS
THIS PROBABLY PRESAGES A SLOWDOWN IN OVERALL
INDUSTRIAL PRODUCTION (AS WELL AS EXPORTS) OVER THE
COMING MONTHS.

4. DESPITE THESE SIGNS OF GENERAL SOFTENING OF THE
ECONOMY, WE STILL SEE NO INDICATIONS THAT GROC IS PRE-
PARED AT PRESENT TO INTRODUCE ANY SIGNIFICANT STIMULATIVE
MEASURES (SEE TAIPEI 6689).
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXTILES, TRADE DATA, ECONOMIC ESTIMATES
Control Number: n/a
Copy: SINGLE
Draft Date: 13 OCT 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976TAIPEI06911
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760384-0439
From: TAIPEI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761055/aaaabvxd.tel
Line Count: 82
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ullricre
Review Comment: n/a
Review Content Flags:
Review Date: 25 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25 MAY 2004 by DuboseBM>; APPROVED <21 DEC 2004 by ullricre>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OUTLOOK FOR ROC FOREIGN TRADE IN FOURTH QUARTER 1976
TAGS: ETRD, ECON, TW
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006